

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00
SSO-00 USIE-00 INRE-00 PA-02 PRS-01 FEA-01
ERDA-07 AID-05 CEA-01 COME-00 FPC-01 H-02 INR-07
INT-05 L-03 OMB-01 PM-05 OES-07 SP-02 SS-15
STR-04 TRSE-00 ACDA-10 /100 W
-----036940 092100Z /73/43

O 091403Z SEP 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC NIACT IMMEDIATE 4701

THE WHITE HOUSE WASHDC IMMEDIATE

INFO AMCONSUL MONTREAL

ALL OTHER CANADIAN POSTS POUCH

UNCLAS OTTAWA 08163

C O R R E C T E D C O P Y DUE TO OMISSION IN PARA FOUR

WHITE HOUSE FOR SCHLESINGER AND GOLDMAN, FEA AND FPC

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: REACTION TO ANNOUNCEMENT OF NORTHERN GAS PIPELINE

1. DECISION BY PRESIDENT TO RECOMMEND ALCAN ROUTE FOR
NORTHERN GAS PIPELINE TO CONGRESS AND SEPTEMBER 8 JOINT
STATEMENT BY PRESIDENT AND PRIMIN TRUDEAU HAVE BEEN GIVEN
PROMINENT BUT THIN PLAY IN BOTH CANADIAN PRESS AND
ELECTRONIC MEDIA. TREATMENT HAS BEEN LARGELY PAROCHIAL
--FOCUSING ON ECONOMIC IMPLICATIONS OF DECISION FOR
CANADA--AND CAUTIOUS, WITH COMMENTATORS AND SPOKESMEN
FOR VARIOUS GROUPS OPPOSED TO ELEMENTS OF DECISION
(E.G., COUNCIL OF YUKON INDIANS) RESERVING THEIR STAND
UNTIL SPECIFICS OF AGREEMENT ARE AVAILABLE. HOWEVER,
POTENTIAL CRITICS OF OUTCOME OF PIPELINE NEGOTIATIONS
ARE BEGINNING TO STAKE OUT THEIR POSITION BY CITING
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ABANDONMENT OF DAWSON DIVERSION AND ABSENCE OF \$200 MILLION
SOCIO-ECONOMIC FUND AS EVIDENCE THAT U.S. HAS AGAIN
GOTTEN THE BEST OF A BILATERAL BARGAIN. FOR MOMENT,
HOWEVER, POLITICAL OPPOSITION IS WAITING FOR DETAILS
TO ASSESS WHAT GOC HAS DELIVERED FOR CANADA.

2. NEWSPAPER COVERAGE WAS UNEVEN AND THIN. WHILE

SOME OTTAWA AND MONTREAL PAPERS RAN FRONT PAGE ADLINE ITEMS, TORONTO GLOBE AND MAIL HAD NO STORY ON ANNOUNCEMENT, ONLY REPORT BY JEFF CARRUTHERS ON POSSIBLE EARLY START UP ON SOUTHERN SEGMENTS OF LINE TO FACILITATE EXPORT OF SURPLUS ALBERTA GAS. REPORTING WAS LARGELY CONFINED TO BARE OUTLINE OF POINTS IN ANNOUNCEMENT, AND WAS NOT ALWAYS BALANCED. OTTAWA JOURNAL NOTED THAT CANADA HAS ABANDONED DAWSON ROUTE WITHOUT SAYING THAT U.S. WOULD PAY AT LEAST TWO-THIRDS OF DAWSON-WHITEHORSE LATERAL WHICH WAS NOTED IN MONTREAL GAZETTE. LA PRESSE SAID CANADA WILL ENJOY SHORT-TERM ECONOMIC GAINS FROM MASSIVE U.S. INVESTMENT IN LINE BUT "CARTER GOVERNMENT IS THE BIG WINNER IN THIS AGREEMENT". LACK OF COVERAGE INDICATED CAUTIOUS WAITING UNTIL AGREEMENT DETAILS RELEASED.

3. ELECTRONIC MEDIA HAVE FEATURED PIPELINE ANNOUNCEMENT SINCE IT WAS RELEASED IN WASHINGTON. TV COVERAGE HAS FOCUSED ON SEPTEMBER 8 CARTER-TRUDEAU MEETING USING FOOTAGE FROM REMARKS MADE BY BOTH IN RELEASING JOINT STATEMENT. EMPHASIS HAS BEEN ON CORDIALITY OF RELATIONSHIP BETWEEN TWO LEADERS, RATHER THAN ON SUBSTANCE OF ANNOUNCEMENT. HOWEVER, CTV-TV, BOTH EVENING BEFORE ANNOUNCEMENT AND IN CONCLUDING ITS CURRENT COVERAGE, HAS RAISED QUESTION OF POSSIBLE CRITICISM OF AGREEMENT FOR NOT INCLUDING ROUTE AND OFFSET PAYMENT TERMS INITIALLY UNCLASSIFIED

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DEMANDED BY CANADA AS RECOMMENDED BY NEB AND LYSYK. CBC-TV TOOK SIMILAR APPROACH SUGGESTING DETAILS OF AGREEMENT WILL BE CAREFULLY SCRUTINIZED BY OPPONENTS. RADIO COVERAGE HAS BEEN CAUTIOUS BUT GENERALLY POSITIVE, DRAWING ON COST ADVANTAGE ARGUMENT IN FAVOR OF ALCAN HIGHWAY ROUTE PRESENTED IN JOINT STATEMENT. CBC RADIO ALSO OFFERED ESTIMATE THAT CONSTRUCTION WOULD EMPLOY 2500 AND STIMULATE RELATED INDUSTRY.

4. POLITICAL REACTION TO ANNOUNCEMENT INDICATED SUSPICION OF POSSIBLE "SELL OUT" BY CANADIAN NEGOTIATORS. 049&43 8;3 :90, 34;-58;3 (PC) LEADER JOE CLARK COMMENTED THAT "THE PIPELINE CONSTRUCTION WILL UNDOUBTEDLY PROVIDE SOME SHORT-TERM ECONOMIC BENEFITS BUT WITHOUT ACCESS TO MACKENZIE DELTA IT WILL DO NOTHING TO MEET CANADA'S ENERGY NEEDS." T. C. DOUGLAS, NEW DEMOCRATIC PARTY (NDP) ENERGY CRITIC, SAID HE BELIEVES ALASKA HIGHWAY ROUTE IS BEST OF THREE PROPOSALS BUT WAS CRITICAL THAT CANADIAN NEGOTIATORS APPARENTLY ABANDONED \$200 MILLION INDIRECT COST PAYMENT. STRONG COUNTERPOINT TO PC AND NDP CRITICISM CAME FROM ALBERTA ENERGY MINISTER DON GETTY WHO SAID LINE WOULD BRING LARGE SHORT-TERM

BENEFITS TO CANADA. HE EMPHASIZED THAT LEGITIMATE COSTS
OF CONSTRUCTING LINE SHOULD BE BORN BY U.S. CONSUMERS
BUT WHEN ASKED ABOUT APPARENT CANADIAN "CONCESSIONS",
HE SAID, "THE FEDERAL GOVERNMENT MADE NO CONCESSIONS;
IT HAS SERVED CANADA WELL." ENDERS

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